

# Labour's dedication to austerity will be a disaster f...

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I am well aware that many people, most especially on Twitter, are surprised about my concerns about Labour and the prospect that it might form the next government of the UK.

As evidence to support my concern, I offer this tweet and video from Labour, explaining their approach to the economy if they were to get to power:

<https://twitter.com/uklabour/status/1625924954846789637?s=61&t=zVSX0cBka3Bx9MjzXIKo8A>

What Labour is offering is:

- \* A version of economics based upon the household analogy. It is saying that it will be the custodian of taxpayers' money.
- \* Fiscal rules which will be used to constrain its own activities to appease financial markets.
- \* Fully costed expenditure, which can be read as endorsement of a balanced budget, maybe excepting that on investment, with at its core the idea that government spending must equal taxation revenue.
- \* Sound money, which is a harking back to the gold standard.
- \* Fiscal prudence, which is the subliminal message implicit in the repeated references to Rachel Reeves' time at the Bank of England.
- \* A limited ambition, which is implicit in Reeves' comment that Labour will not be able to do everything.

Unsaid, but very obviously implied by these comments is a commitment to:

- \* Austerity.
- \* A limited role for government.

- \* The Bank of England and Treasury view of the economy, including their desire for high interest rates that are threatening so many household's finances.
- \* Managerialism.
- \* Maintenance of the status quo.

Unsurprisingly, I despair about this presentation of the politics of the centre right, which is the kindest interpretation that can be placed upon this agenda.

At a time when it is very apparent that the whole neoliberal economic approach, with its focus upon small government and austerity, has totally failed this country this austerity agenda is exactly what Labour is offering as an alternative to the Tory government that has delivered this programme for the last thirteen years. Instead of offering solutions to the problems that this country faces, Labour is instead seeking to deliver the Tory's programme, but just a little more competently than they did. Absolutely anyone with the slightest social democratic orientation, let alone socialist, egalitarian or green bias should, I think, be sharing that sense of despair, because none of that thinking is remotely close to that which Labour is now offering.

What is more, and to be clear, none of this is necessary. As a matter of fact:

- \* There is no such thing as taxpayers' money. The claim that there is represents one of the great neoliberal myths. The reality is that taxpayers do not have the means to make settlement of tax unless the government has spent the money that they pay into circulation in the first place by providing them with the goods, services, social safety net and other support that they require and vote for. To claim that a shortage of tax revenue is as a consequence a constraint upon government spending is absurd. Government spending is the source of tax revenue.
- \* There is not, and never has been, a reason for a government to balance its income against its expenditure. This is why they have not done so for over 300 years. The result of them not doing so has been continual growth, and the supply of a stable and reliable money supply, which is only possible when created by the government, which is only possible if it runs a deficit. Sound money only exists if it is created by government, and only government deficits can deliver it, but Labour appears wholly unaware of this fact.
- \* Fiscal rules do not exist. No Chancellor of the Exchequer has ever created one that they could not also change, and usually did change when it became clear that they could not meet the target that they had set for themselves. Fiscal rules are actually fiscal choices, and the choice that Labour is making is to run small government and so deprive people of the hope that they now so desperately need if this economy is to recover from the mess that it is in.

The last thing that this country needs is the perpetuation of austerity, but that is exactly what Labour is offering. Worse, it is expelling from its ranks anyone who does not agree with this policy in an extraordinary authoritarian move that is designed to suppress all left of centre thinking within it.

Despite this, it has the temerity to describe itself as the Labour Party, which party had its roots in the trade union movement, radicalism, feminism, the quest for equality and the drive for social reform. I can see none of those influences in what it is now doing. and that is why I will speak out against it and all that Starmer and Reeves are choosing to do which will, I think, be so disastrous for this country.